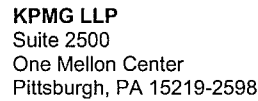


Exhibit E

CHINLE UNIFIED SCHOOL DISTRICT

Audit Number: SL-2008-166

BEN Number: 143224



Chinle Unified School District

Federal Communications Commission:

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about Chinle Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Chinle Unified School District's compliance with specified requirements.

Our examination disclosed material noncompliance with document retention, fixed asset tracking, resource capacity, service eligibility, service provider selection and contracting and competitive bidding requirements applicable to Chinle Unified School District relative to disbursements made from the Universal Service Fund during the fiscal year ended June 30, 2008 and relative to its application and service provider selection processes for Funding Years 2006 and 2007. Detailed information relative to the material noncompliance is described in items SL2008BE166_F01 through SL2008BE166_F07 in Attachment 2.

In our opinion, because of the effect of the material noncompliance described in the third paragraph, Chinle Unified School District has not complied with the aforementioned requirements relative to disbursements of \$924,766 made from the Universal Service Fund during the fiscal year ended June 30, 2008 and relative to its Funding Year 2006 and 2007 applications for funding and service provider selections related to the Funding Request Numbers for which such disbursements were made.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies and material weaknesses that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether Chinle Unified School District complied with the



aforementioned requirements and not for the purpose of expressing an opinion on the internal control over compliance; accordingly, we express no such opinion. Our examination disclosed certain findings, as discussed below, that are required to be reported under *Government Auditing Standards*.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with federal program requirements, such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in items SL2008BE166_F01 through _F09 in Attachment 2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in Attachment 2, we consider items SL2008BE166_F01 through _F07 to be material weaknesses.

Chinle Unified School District's responses to the findings identified in our examination are described in Attachment 2. We did not examine Chinle Unified School District's responses, and accordingly, we express no opinion on them.

KPMG LLP

December 3, 2009

Attachment 1

**Federal Communications Commission's ("FCC") 47 C.F.R. Part 54 Rules and Related Orders
with which Compliance was Examined**

Document Retention Matters:

Section 54.504 (c) (1) (x), which was effective as of October 13, 2004

Section 54.516 (a), which was effective from March 11, 2004 through October 12, 2004

Section 54.516 (a) (1), which was effective as of October 13, 2004

Application Matters:

Section 54.501 (b), as revised, which was originally effective as of July 17, 1997

Section 54.504 (b) (1), as revised, which was originally effective as of July 17, 1997

Section 54.504 (b) (2), as revised, which was originally effective as of July 17, 1997

Section 54.504 (b) (2) (i), as revised, which was originally effective as of February 12, 1998

Section 54.504 (b) (2) (iii), which was effective as of October 13, 2004

Section 54.504 (b) (2) (iv), which was effective as of October 13, 2004

Section 54.504 (b) (2) (v), which was effective from July 17, 1997 to October 12, 2004

Section 54.504 (b) (2) (vi), which was effective as of October 13, 2004

Section 54.504 (c), which was effective as of February 12, 1998

Section 54.505 (b), which was effective as of July 17, 1997

Section 54.505 (c), as revised, which was originally effective as of July 17, 1997

Section 54.508 (a), which was effective as of October 13, 2004

Section 54.508 (c), which was effective as of October 13, 2004

Section 54.520 (c), which was effective as of April 20, 2001

Section 54.520 (c) (1) (i), which was effective as of April 20, 2001

Section 54.520 (c) (1) (ii), which was effective as of April 20, 2001

**Federal Communications Commission's ("FCC") 47 C.F.R. Part 54 Rules and Related Orders with
which Compliance was Examined, continued**

Service Provider Selection Matters:

Section 54.504 (a), which was effective as of February 12, 1998

Section 54.504 (b) (4), which was effective as of January 1, 1999

Section 54.511 (a), as revised, which was originally effective as of July 17, 1997

FCC Order 03-313, paragraphs 39 and 56, which was issued on December 8, 2003

FCC Order 00-167, paragraph 10, which was issued on May 23, 2000

Receipt of Services and Reimbursement Matters:

Section 54.500 (b), which was effective as of July 21, 2003

Section 54.504, which was effective as of July 17, 1997

Section 54.504 (b) (2) (ii), which was effective from February 12, 1998 through October 12, 2004

Section 54.504 (b) (2) (iii), which was effective from July 17, 1997 through October 12, 2004

Section 54.504 (b) (2) (v), which was effective from July 17, 1997 through March 10, 2004

Section 54.504 (b) (2) (v), which was effective as of October 13, 2004

Section 54.504 (c) (1) (vii), which was effective as of October 13, 2004

Section 54.504 (f), which was effective as of March 11, 2004

Section 54.505 (a), which was effective as of July 17, 1997

Section 54.513 (c), which was effective as of March 11, 2004

Section 54.514 (b), as revised, which was originally effective as of July 21, 2003

Section 54.523, which was effective as of March 11, 2004

FCC Order 03-313, paragraph 60, which was issued on December 8, 2003

FCC Order 04-190, paragraph 24, which was issued on August 13, 2004

Schedule of Findings
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

Matters Related to Material Non-Compliance

Finding No.	SL2008BE166_F01
Condition	<p>Chinle Unified School District's ("Beneficiary") maintenance agreement did not contain sufficient detail to be in compliance with the requirements of the Eligible Services List ("ESL") for Funding Year ("FY") 2007 for Funding Request Number ("FRN") 1623472. The ESL states "the agreement or contract must specifically identify the eligible products or services ordered, including product name, model number and location." The Beneficiary's maintenance agreement did not include the specific location, product name, or model number of equipment covered under the agreement. The Beneficiary provided a listing of equipment they contend is covered under the agreement, as well as maintenance logs indicating maintenance services were performed on specific pieces of equipment. However, due to the lack of detail in the maintenance agreement, the examination team is unable to determine if the equipment listed and/or the maintenance performed was appropriate under the terms of the agreement.</p>
Criteria	<p>Per Federal Communications Commission ("FCC") Rules 54.504 (b) (1) and 54.504 (c), a beneficiary may only request reimbursement for eligible goods and services. The summary of eligible services for each FY is included in the ESL, which is available on the Universal Service Administrative Company ("USAC") web site.</p> <p>Per the ESL applicable for FY 2007, basic maintenance is eligible for discount only if it is a component of a maintenance agreement or contract for eligible services or products, and these maintenance services are cost effective. Each agreement or contract must specifically identify the eligible products or services covered, including product name, model number, and location.</p>
Cause	<p>The Beneficiary believed the maintenance agreement contained enough detail to be in compliance with USAC's eligible services requirements, resulting in non-compliance with FCC rules. This lack of understanding to ensure the eligibility of the maintenance agreement represents a deficiency in internal controls over compliance with FCC Rules within the Beneficiary's application process.</p>
Effect	<p>The monetary effect of this finding is that the \$115,064 disbursed for basic maintenance services under FRN 1623472 during the period under examination is subject to recovery by USAC.</p>
Recommendation	<p>The Beneficiary should ensure that all future maintenance contracts include the required level of detail to comply with the ESL. Additionally,</p>

Schedule of Findings, continued
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

management should re-evaluate existing controls over listing and tracking of Schools and Libraries Program (“SLP”) funded assets covered by the maintenance agreement for effective contract management and monitoring.

Beneficiary Response Management will insure that the Beneficiary’s maintenance agreement includes the specific location, product name, or model number of equipment covered under the agreement. In addition, a template will be developed requiring the Beneficiary to follow when billing. This template will be used to insure that the maintenance agreement matches the invoices as they are submitted for payment.

Finding No. SL2008BE166_F02

Condition The Beneficiary did not provide certain documentation to the examination team as required by FCC rules. The following documents were not provided during our examination:

1. Documentation supporting the service provider selection process (including bids received and evidence of the evaluation process) for FRNs 1469659, 1470185, 1470257, and 1484194 from FY 2006;
2. Evidence to support the Beneficiary’s payment for services to the service provider for FRNs 1484194, 1470257 and 1468242;
3. Documentation supporting the reimbursement of discount from the service provider to the Beneficiary for FRN 1468242;
4. Documentation supporting the total student enrollment numbers listed on FCC Forms 471 for all FRNs under examination; and
5. Retained copies of FCC Forms 471 Numbers 531261 and 585174; along with all FCC Forms 470, 486 and 500 related to the FRNs under examination that were submitted by the Beneficiary

See effect section below for details related to monetary effects.

Criteria Per FCC Rule 54.516 (a) (1), “Schools and libraries shall retain all documents related to the application for, receipt, and delivery of discounted telecommunications and other supported services for at least 5 years after the last day of service delivered in a particular Funding Year. Any other document that demonstrates compliance with the statutory or regulatory requirements for the schools and libraries mechanism shall be retained as well.”

Per FCC Rule 54.504 (c) (1) (x), “An applicant should recognize that it may be audited pursuant to its application, and must retain for five years

Attachment 2, continued

Schedule of Findings, continued
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

any and all worksheets and other records relied upon to fill out its application, and that, if audited, it will make such records available to the Administrator.”

Cause

The Beneficiary did not have controls in place to ensure SLP-related documents were maintained in accordance with FCC rules. This lack of controls over document retention represents a deficiency in internal controls over compliance with FCC Rules within the Beneficiary’s document retention process.

Effect

The monetary effects of the enumerated conditions above are as follows:

1. The total amount of funds disbursed for these four FRNs during the year ended June 30, 2008 of \$300,725 is subject to recovery by USAC. Such amount by FRN is shown in the following table:

FRN	Undiscounted Cost of Services	Discount Percentage	Amount Disbursed
1469659	\$6,250	90%	\$5,625
1470185	\$10,995	90%	\$9,895
1470257	\$10,995	90%	\$9,895
1484194	\$305,900	90%	\$275,310
<i>Total</i>			<i>\$300,725</i>

2. The total amount of funds disbursed for these four FRNs during the year ended June 30, 2008 of \$407,385 is subject to recovery by USAC. Such amount by FRN is shown in the following table:

FRN	Undiscounted Cost of Services	Discount Percentage	Amount Disbursed
1468242	\$135,756	90%	\$122,180
1470257	\$10,995	90%	\$9,895
1484194	\$305,900	90%	\$275,310
<i>Total</i>			<i>\$407,385</i>

Note that the \$285,205 related to FRNs 1470257 and 1484194 was included in item 1 above.

3. There is no monetary effect as a result of this condition as USAC appropriately reimbursed the service provider and we have no evidence that the service provider did not reimburse the

Schedule of Findings, continued
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

Beneficiary, only that the Beneficiary's records are incomplete and cannot substantiate that the payments were received.

4. There is no monetary effect as a result of this condition since the number of students enrolled would not impact the discount rate when utilizing Provision 2.
5. There is no monetary effect as a result of this condition since the examination team was able to obtain all FCC Forms from USAC.

Recommendation The Beneficiary should develop and implement more complete retention practices and policies that address retaining documentation related to the SLP. Such practices and policies should be consistent with the FCC rules regarding record retention. The Beneficiary should also consider implementing a review control to ensure that these practices and policies are followed.

Further, we recommend that the Beneficiary seek to reconcile its cash receipts and credits related to SLP reimbursements with the service provider to ensure that it has received all amounts to which it was entitled.

Beneficiary Response The District shall retain all documents related to the application for, receipt, and delivery of discounted telecommunications and other supported services for at least 5 years after the last day of service delivered in a particular Funding Year. As an internal control a binder will be kept to insure that documentation supporting the service provider selection, evidence to support payment for services to the service provider, documentation supporting the reimbursement of discount from the service, documentation supporting the total student enrollment numbers listed on Forms 471 for all FRNs, copies of all FCC Forms 471 #s 531261 and #585174; along with all FCC Forms 470, 486 and 500 related to the FRNs. Additional staff development will be provided to ensure that processes are in place.

Finding No. SL2008BE166_F03

Condition The Beneficiary's process for recording and tracking equipment is not sufficient to ensure compliance with FCC rules. The examination team requested an asset tracking report to support the equipment received relative to the funding under review; however, the Beneficiary could only provide an asset listing from 2003, which was not relevant for the FYs under examination. Additionally, the tracking mechanism did not specifically identify equipment received via funding provided by the SLP.

The examination team conducted site visits in an attempt to agree information contained on service provider bills to the physical assets:

Schedule of Findings, continued
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

- For FRN 1469659, the examination team was able to identify 3 of 7 pieces of equipment funded by the FRN. The four pieces of equipment not located by the examination team related to discounted amounts totaling \$3,571.
- For FRNs 1470185 and 1470257, none of the equipment was able to be identified. The two FRNs related to discounted amounts totaling \$19,791.

This matter was identified while performing detailed testing on four of the seven internal connections FRNs for which disbursements were made during the period under examination. The four FRNs selected for our detailed testing represent 55% of the amounts disbursed on behalf of the Beneficiary under the seven internal connections FRNs during the period under examination.

Criteria Per FCC Rule 54.516 (a), a school/district is to maintain asset and inventory records of equipment purchased as components of supported internal connections services sufficient to verify the actual location of such equipment for five years after purchase.

Cause The asset listing was not appropriately updated to include SLP equipment, resulting in non-compliance with FCC rules. This lack of control over the tracking of SLP-funded equipment represents a deficiency in internal controls over compliance with FCC Rules within the Beneficiary's document retention process.

Effect The monetary effect of this finding is that \$23,361 disbursed under FRNs 1469659, 1470185 and 1470257 (Internal Connections) is subject to recovery by USAC. This amount represents the undiscounted cost of equipment not able to be located multiplied by the Beneficiary's discount rate for each FRN.

FRN	Amount
1469659	\$3,571
1470185	\$9,895
1470257	\$9,895
<i>Total</i>	<i>\$23,361</i>

Note that the full monetary effect for each FRN noted in this finding, was also included in the monetary effect related to Finding Number SL2008BE166_F02.

Schedule of Findings, continued
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

Recommendation The Beneficiary should maintain a comprehensive listing of assets that includes adequate details such as description, asset tag number, serial number, date installed, location, and value. In addition, the Beneficiary should regularly verify the accuracy of the asset listing by conducting a physical asset verification.

Beneficiary Response The District will maintain a comprehensive listing of assets to include adequate detail. A physical asset inventory will be conducted at least once every three years to verify the accuracy of the asset listing. This verification process will include reconciliation to the asset listing. Assets purchased using SLP will be identified as such in the asset listing. This will allow for a more specific list of equipment using SLP funds. Staff development has been provided to the Computer Services Director to assist with understanding E-Rate rules and regulations and the application process.

Finding No. SL2008BE166_F04

Condition The Beneficiary submitted FCC Form 471 for FRNs 1469659, 1470185, 1470257, and 1484194 prior to signing a contract with the service provider. The FCC Form 471 was posted on February 16, 2006 for these four FRNs, while the contracts the Beneficiary provided to the examination team had dates of October 9, 2007, August 28, 2007, October 9, 2007, and December 12, 2006, respectively.

Criteria Per FCC Rule Section 54.504 (c), “an eligible school, library, or consortium that includes an eligible school or library seeking to receive discounts for eligible services under this subpart, shall, upon signing a contract for eligible services, submit a completed FCC Form 471 to the Administrator. A commitment of support is contingent upon the filing of FCC Form 471.”

Cause The Beneficiary did not have controls in place to ensure the FCC rules regarding Form 471 submissions were followed. This failure to enter a signed contract prior to filing of the Forms represents non-compliance with FCC rules within the Beneficiary’s application process.

Effect The monetary effect of this finding is that the total amount of funds disbursed for these four FRNs during the year ended June 30, 2008 of \$300,725 is subject to recovery by USAC. Such amounts by FRN are shown in the following table:

FRN	Amount Disbursed
1469659	\$5,625
1470185	\$9,895

Schedule of Findings, continued
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

FRN	Amount Disbursed
1470257	\$9,895
1484194	\$275,310
<i>Total</i>	<i>\$300,725</i>

Note that the full monetary effect for each FRN noted in this finding, was also included in the monetary effect related to Finding Number SL2008BE166_F02; and that \$3,571 related to FRN 1469659 and the full monetary effect of the other FRNs noted in this finding were also included in the monetary effect related to Finding Number SL2008BE166_F03.

Recommendation KPMG recommends that the Beneficiary implement controls to ensure the proper filing of the FCC Form 471 in the future. Individuals responsible for the application process should review the FCC rules and USAC guidance on a regular basis.

Beneficiary Response The District will insure that all executed contracts are valid and signed after the 28 day waiting period. Staff development has been provided to the Computer Services Director to assist with understanding E-Rate rules and regulations and the application process.

Finding No. **SL2008BE166_F05**

Condition The Beneficiary did not comply with the Arizona Administrative Code: Article 10, "School District Procurement", during the competitive bidding process for the nine FRNs selected for detailed testing during our examination as follows:

During FY 2006:

- There is no evidence that the bids were opened publicly in the presence of one or more witnesses;
- The amount of each bid received was not documented; and;
- It is unclear that the lowest responsible bidder was awarded the contract as bidding documentation, including all winning and losing bids, was not retained.

During FY 2007:

- The amount of each bid received was not documented.

Schedule of Findings, continued
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

It is unclear that the lowest responsible bidder was awarded the contract since the Beneficiary made a decision to award contracts to INX, Inc. and ComLink, Inc. prior to the opening/tabulation of the bids, prior to the 28-day waiting period, and prior to the request for Board Approval.

This matter was identified while performing detailed testing on nine of the 15 FRNs for which disbursements were made during the period under examination. The nine FRNs selected for our detailed testing represent 67% of the amounts disbursed on behalf of the Beneficiary under the 15 FRNs during the period under examination.

Criteria

Per FCC Rule 54.504 (a), a beneficiary must make a request for competitive bids for all eligible goods and/or services for which Universal Service Fund support is requested and comply with all applicable state and local procurement processes.

Per FCC Rule 54.511 (a), a beneficiary must consider all bids submitted and select the most cost-effective service offering, with price being the primary factor considered.

Cause

The Beneficiary disregarded the FCC rules and state procurement policy related to the bidding process. This lack of controls to ensure compliance with state procurement policy represents a deficiency in internal controls over compliance with FCC Rules within the Beneficiary's service provider selection process.

Effect

The monetary effect of this finding is that the full amount of funding received for the selected FRNs, totaling \$616,917 is subject to recovery by USAC. The following table shows the monetary effect by FRN:

FRN	Amount Disbursed
1468242	\$122,180
1469659	\$5,625
1470185	\$9,895
1470257	\$9,895
1484194	\$275,310
1623179	\$35,138
1623201	\$28,459
1623308	\$15,351
1623472	\$115,064
Total	\$616,917

Schedule of Findings, continued
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

Note that the monetary effects for all findings included in this report are also included in the monetary effect of this finding.

Recommendation The Beneficiary should implement the appropriate internal control policies and procedures to ensure that it is in compliance with state and local procurement requirements, as well as USAC guidance and FCC rules.

Beneficiary Response The District has implemented internal control policies and procedures, which ensures it is in full compliance with state and local procurement requirements, as well as USAC guidance and FCC rules. Staff development has been provided to the Computer Services Director and the District Purchasing Agent to assist with understanding E-Rate rules and regulations and the application process.

Finding No. SL2008BE166_F06

Condition The Beneficiary selected service providers prior to the required 28-day waiting period for services requested under FRNs 1623179, 1623201, 1623308 and 1623472.

Although the contract dates with the service providers were dated February 1, 2007, which is after the 28-day waiting period, a Beneficiary memo indicates a decision was made to select service providers INX Inc. (FRN 1623472) and ComLink (FRNs 1623179, 1623201, 1623308) on November 15, 2006. As the Request for Proposal was posted in November 2006, the decision to select the service providers per the memo violates the 28-day window to allow vendors to bid.

This matter was identified while performing detailed testing on nine of the 15 FRNs for which disbursements were made during the period under examination. The nine FRNs selected for our detailed testing represent 67% of the amounts disbursed on behalf of the Beneficiary under the 15 FRNs during the period under examination.

Criteria FCC Rule 54.504 (b) (4) requires beneficiaries to wait at least four weeks after the posting date of the FCC Form 470 on the USAC Schools and Libraries website before making commitments with the selected service providers.

Cause Controls were not in place to ensure FCC rules regarding the service provider selection waiting period were followed. The Beneficiary followed the guidelines set forth in their state procurement policy which indicates that the service providers may be selected after a 14 day waiting period; however, the requirements do not correspond to the FCC requirements. The failure to reconcile state procurement policy with the FCC

Schedule of Findings, continued
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

requirements represents a deficiency in internal controls over compliance with FCC rules within the Beneficiary's service provider selection process.

Effect

The monetary effect of this finding is that the total amount of funds disbursed for these four FRNs during the year ended June 30, 2008 of \$194,012 is subject to recovery by USAC. Such amounts by FRN are shown in the following table:

FRN	Amount Disbursed
1623179	\$35,138
1623201	\$28,459
1623308	\$15,351
1623472	\$115,064
<i>Total</i>	<i>\$194,012</i>

Note that the full monetary effect of this finding is also included in the monetary effect related to Finding Number SL2008BE166_F05. In addition, the \$115,064 related to FRN 1623472 is also included in the monetary effect related to Finding Number SL2008BE166_F01.

Recommendation

The Beneficiary should implement a control process that will ensure that potential vendors are selected only after the close of the mandatory four-week competitive bidding process.

Beneficiary Response

The District will follow the competitive bidding process and the required 28 day waiting period before notifying prospective vendors of selection.

Finding No.

SL2008BE166_F07

Condition

The Beneficiary did not appear to have the resources required to make full use of the goods and/or services requested.

During site visits, the examination team noted certain pieces of equipment which were not in operation. The examination team was informed that due to the limited electrical capacity, the Beneficiary can not utilize 100% of equipment and services at a given time. Per results of inquiry conducted during site visits, we noted personnel at individual sites stated there was limited electrical capacity to support the requested services. Additionally, the Technology Director for the Beneficiary noted that electrical capacity was only available to support approximately 75% of its total technology resources at any one time.

Criteria

FCC Rules 54.504 (b) (1) requires that a beneficiary must have the resources required to make use of the services requested, or such resources

Schedule of Findings, continued
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

must be budgeted for purchase for the current, next or other future academic years, at the time the FCC Form 471 is filed.

Cause	The Beneficiary has purchased more equipment and services than it has electrical capacity to support. Additionally, funds do not appear to have been budgeted to obtain additional electrical capacity to fully utilize the equipment acquired.
Effect	We are unable to determine the monetary effect of this finding, as the specific utilization of SLP-funding equipment and services over a period of time is not able to be determined.
Recommendation	The Beneficiary should consider the immediate needs of its locations prior to requesting SLP funding. Additionally, the Beneficiary should ensure that the resources are available to support all items requested for reimbursement.
Beneficiary Response	The District is in the process of upgrading electrical service throughout the District for all equipment purchased. A central server farm will be created to free up service at each school site and this power will be upgraded including a back up generator. An evaluation will be conducted prior to the purchase of additional equipment to insure that sufficient power and cooling exists.

Other Matters Related to Non-Compliance

Finding No.	SL2008BE166_F08
Condition	The Beneficiary did not mark "Alternative Discount Mechanism Used" on the FCC Form 471, despite using the USAC-approved Provision 2 method for calculating the discount percentage. The Beneficiary was approved by the United States Department of Agriculture to have met the requirements of Provision 2 of the National School Lunch Act, and as allowed by USAC, the Beneficiary used this Alternative Discount Mechanism to arrive at its discount amount on FCC Form 471.
Criteria	<p>Per FCC Rule 54.504 (c), schools and libraries seeking to receive discounts for eligible services shall submit a completed FCC Form 471 to USAC.</p> <p>FCC Rule Section 54.505 (b) (1) states: "For schools and school districts, the level of poverty shall be measured by the percentage of their student enrollment that is eligible for a free or reduced price lunch under the national school lunch program or a federally-approved alternative mechanism."</p>